

## Buying your first car?

Here are a few tips to guide you on the road to success.



Driving home your first car involves a lot more than just deciding which vehicle you want to buy. You also need to figure out financing, determine your spending limit and more.

To steer clear of unnecessary twists and turns in your car-buying journey, check out the information in this guide. You'll find that a little bit of research up front can save you a whole lot of stress down the road.

## LEARN THE LINGO:

### Auto Buying & Financing Terms

- **Annual Percentage Rate:** Commonly abbreviated as APR, this is the interest rate on a loan. It is also sometimes referred to as a finance rate.
- **Dealer Incentives:** These are special offers designed to encourage consumers to purchase a vehicle. Common incentives include cash rebates and low APR financing.
- **Down Payment:** This is the portion of money that you pay up front for a vehicle purchase.
- **Monroney Sticker:** This is the price tag sticker found on the windows of new cars. This document lists vehicle information such as the base price and standard features.
- **MSRP:** This acronym stands for Manufacturer's Suggested Retail Price. It is the amount that is listed as the base price on vehicles' Monroney stickers.
- **Rebate:** Designed to increase new-vehicle sales, rebates may be offered in the form of a price reduction or as a refund by mail upon completion of the sale.
- **Term:** This refers to a loan's length of time.
- **VIN:** A VIN (vehicle identification number) is a unique, 17-character code that identifies each specific motor vehicle in the United States.

### Know the True Cost of Car Ownership

Trying to determine how much you can afford to spend on your vehicle purchase? When doing your calculations and reviewing your budget, keep in mind that the cost of car ownership goes far beyond a vehicle's sticker price. Additional expenses include:

- **Purchasing Fees:** These include your taxes, tags and title, and can average around \$1,000.
- **Finance Charges:** If you take out a loan to pay for your car, you'll have to make monthly payments plus interest to pay it back.
- **Insurance:** Young and inexperienced drivers can be expensive to insure. Annual insurance cost averages range from \$1,000 to \$3,000.
- **Maintenance and Repairs:** The more you drive, the more upkeep your car will need, including oil changes and new tires. There are miscellaneous costs to consider as well, like parking fees and car washes.

- **Fuel:** Annual fuel costs can average close to \$1,000 or more, depending on your car's fuel efficiency and how much you drive.
- **Depreciation:** It's the largest cost of owning a car. In five years, your car will be worth about 65% less than when you bought it.

## Take the Wheel & Drive Home a Deal



When you're ready to move forward with your purchase, follow these steps to help create a positive and affordable outcome.

- Know your credit score. Your credit score will dictate the rate you'll receive on your loan. The higher your credit score, the lower the rate and the less interest you will have to pay on the loan.
- Get pre-approved for financing. With a pre-approved loan, you know your maximum spending limit giving you negotiating power at the dealership.
- Do your Research: Informed shoppers are smart shoppers. Assess your needs. Do your homework on new and used car models and prices.
- Negotiate your Price. It's important to stick to your strategy. If you've done your research beforehand, you'll have a good idea if the offer is fair. If the offer isn't what you can afford, don't be afraid to walk away. It has to work for your budget.
- Watch for Add-ons. Before signing the final contract, ask the dealer to explain each item. If there are charges you're not comfortable with, don't be afraid to point them out.

Sources: [driving-tests.org](http://driving-tests.org); Ameriprise Auto and Home Insurance